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**THE PUBLIC HOUSING
FUNDING CRISIS:**

AN APPEAL TO BUSINESS

By

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Newark Redevelopment
and Housing Authority

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Today's administration in Washington is regarded by many as the realization of all that corporate America has hoped for since the years of the New Deal. Other than national defense, fiscal restraint has become the highest priority of government; the social programs which were constructed over the 40 years from the mid-thirties to the mid-seventies are generally disavowed with political impunity.

The most popular expression around Washington these days seems to be the one which suggests that it is futile to "throw money" at social problems, that to try to do so results in nothing more than pouring the money "down the rathole."

All of the above, of course, is an oversimplification of the attitudes of the business community toward the role of government in dealing with social problems. Indeed, it has been from within the corporate leadership that we have heard the strongest appeals for business-government partnerships to take action in dealing with some of our most pressing social difficulties. Urban redevelopment, to revive our decaying center cities, is the most obvious of the numerous types of social concerns on which business and government have united their efforts. Urban renewal has not solved our city problems, but one hates to imagine where Newark would be today were it not for the extensive construction which has taken place here over the last 20 years.

Today, however, the business-government partnership is in danger of falling into a moribund state because the programs over which they have united are winding down.

In the case of some of those programs, business and government were both actively involved. In others one or the other took a passive but supportive role. Such was the case where public housing was concerned. Business was a

supporter of public housing in Newark and many other cities. There were differences between business and government over the specifics of implementation of the program, such as where, or how much housing should be built. But business supported the underlying concepts at the foundation of public housing, and that support was crucial to the program.

Today the program is threatened to its very core by the fundamental changes in philosophy which have occurred in the highest levels of federal government. As the executive responsible for the administration of this program in a city which has a very large public housing community, it becomes my job to bring to the business community as forcefully and urgently as I can the nature of the crisis which we face, and the dangers inherent in this to everyone, especially to business.

Someone might ask why this expression of concern is directed toward the business community, rather than directly at those in Washington who have it within their power to prevent this crisis. I do so because the inescapable fact is that today's administration in Washington, the Reagan Administration, is more closely allied with America's corporate leadership than with any other element of society. Generally, the administration seems to be philosophically in tune with America's business and financial leadership. It takes much of its advice from that leadership, and it represents most closely the aspirations of those who have the responsibility of making our business institutions prosper. Accepting that premise, it is clear to me that no one is in a better position to impress upon Washington the true extent of the crisis facing public housing, and the danger of that crisis to business, than are those in the business community.

Accordingly, I appeal here to everyone with a concern for Newark as a healthy business location to consider closely the problems facing public housing; I urge them to recognize their direct stake in helping to find relief from these

problems, and to join in forcefully urging on the Reagan administration the need for such relief.

I am not asking here for a rejection of the broad premise on which the Reagan administration is seeking to cope with the nation's fiscal and social problems. Neither is there a suggestion in this appeal that business people need abandon their determination to support greater fiscal restraint in government. Indeed, I share their belief in a policy which would accomplish such restraint, but such a policy must be judiciously applied. Regardless of my personal views, I realize that the issue was debated nationally in the 1980 Presidential campaign, and the administration today can at least claim something of a mandate to reduce the cost of government. But at no time during the national debate did I ever hear it suggested that the solution to our problems lay in imposing misery on our cities, nor do I believe that the general public, when it went to the polls, had any idea that the imposition of such hardship was in store.

Fiscal restraint should not mean fiscal self-destruct. We have a public housing plant in place, here and across the nation. Whether you were for the construction of public housing back in the 1940's, 50's and 60's, or against it, it was, in fact, national policy at that time to build it. 3.5 million people live today in public housing developments across America, 30,000 of them in Newark. To irreparably damage that program, as the latest budget proposals threaten to do, would be to irreparably damage the lives of many of the people who live in public housing. That, in turn, would deeply endanger the very life and health of the city, an occurrence which surely poses a serious threat not only to business in Newark, but to business in the whole region.

There are proposed budget figures, some of which are published separately here in conjunction with this appeal. They make it clear that if the present plans of the Reagan administration pertaining to public housing are accepted by Congress, we in Newark can expect that our

public housing residents, who are already suffering from inadequate funding, can look forward to further service declines. That translates into grim impact on the way thousands of human beings in Newark must live. It gets down to such basics as whether a broken window can be closed off against the winter cold, whether adequate heat can be provided, whether the smell of uncollected garbage will or will not pervade a hallway, or the many other things which determine whether living conditions will be decent or dehumanizing.

Why should business care about this? Because it is impossible to escape the certainty that if conditions get worse in public housing, the result comes out at the bottom line almost as automatically as if it were printed out on a computer sheet. The result I am talking about is measured in mounting problems of unemployment, family life deterioration, lack of opportunity for healthy development of children, increased drug use, violent crime, crime against property, and all of the other ills which flow from substandard living conditions.

It takes no social scientist to understand how this represents a whole range of threats, direct and indirect, to the business community, and I don't mean only the business community of Newark. The threat is posed to those doing business at a location in any one of the scores of suburbs in the Greater Newark area, or in any of the other smaller cities of the region which also have significant supplies of public housing.

What help does public housing need from the business community? It needs simply this: a strong expression of insistent concern from each person in a position of business responsibility aimed at any appropriate individual in Washington, expressing the view that to reduce the funding for public housing maintenance below acceptable levels is to court disaster for all of the goals and aspirations of the present administration. An "appropriate" individual in Washington could be a person who holds a key office in

the Reagan administration itself, or someone in Congress who has the ear or the confidence of that administration. They must be made to realize that the crisis is real, and that the price to be paid for its solution will be costlier, and far greater if we wait instead until it explodes in our faces before confronting this reality. One need only remember back to the late 1960's to understand the truth of that assessment.

What are acceptable levels for public housing funding? That is a debatable question, but one thing is certain: Before the Reagan budget cuts were proposed we were already well below those acceptable levels. (See information published in conjunction with this article.) This program has long been a whipping boy for the budget cutters. Funds and the services they pay for have been eroded steadily over a period of years, and the direct effect on the way people live has been at the same time alarming and sad. Two years ago the fiscal situation at this particular agency had deteriorated almost to a point of hopelessness. We have struggled over the past two years to try to restore the fiscal situation while keeping the level of services to our residents from declining to the point where they are nearly non-existent. Having desperately hung on through this period, we now are faced with the prospect of deep cuts in funding. The penalty must be paid by someone, and it is not hard to imagine who that someone will be. It will be the average impoverished resident of public housing....and his or her children.

But in its way, business will have to pay a price too, because the intensification of social problems which inevitably would result from further decline of living conditions in public housing would, in turn, have its detrimental effect on business in a variety of ways.

Somehow in a society such as ours, given its fundamental base of wealth and resources, such an abandonment of the public housing resident

seems to be beneath our standards as a people, no matter what our current national tax and monetary policies may be. If this were a truly poor nation, maybe the standards would be different, but it is clear that we can meet an acceptable minimum for public housing without abandoning a commitment to less fiscal waste in government.

I sincerely believe the answer lies in the area of priorities. I don't know precisely where minimum funding for decent public housing ranks on our national scale of priorities, but I have a firm belief that there are many things in our national budget which fall below it.

Public housing, properly operated and maintained, is still an important asset to a balanced social structure. It would be a mistake for everyone, and especially for business in the region, if public housing were forced to deteriorate to a point where it became a cancer instead of an asset.

Public housing, and the people served by it, desperately need the help and understanding of business. They need your support, your voice, and they need it today. I sincerely urge that you consider this crisis carefully, from a self interest point of view, and act accordingly.

SUPPLEMENTAL INFORMATION

NEWARK REDEVELOPMENT AND HOUSING AUTHORITY

SCHEDULE OF FUNDS AVAILABLE FOR PUBLIC HOUSING OPERATIONS

<u>FISCAL YEAR</u>	<u>TOTAL FUNDS</u>	<u>EFFECTIVE FUNDING (Adjusting for 6% Inflation)</u>
1975-1976	\$18,614,493.	
1976-1977	\$21,097,747.	\$19,831,880
1977-1978	\$22,645,557	\$19,828,090
1978-1979	\$21,069,068.	\$17,276,635.
1979-1980	\$21,508,480	\$16,346,445
1980-1981	\$19,801,046	\$13,860,732

Already operating under substantially reduced budgets, Public Housing Authorities say they will face devastating consequences if the fiscal year 1982 operating subsidy level is cut any further, as proposed by the Administration.

Congress has appropriated \$1,205 billion for 1982, plus \$148 million in supplemental funding for 1981 operating subsidies.

For fiscal year 1983 the Administration is proposing funding \$403 million of an estimated Performance Funding System need of \$1.4 billion--a cut of 71 percent of an already inadequate operating subsidy formula.

PUBLIC HOUSING TENANT POPULATION

December, 1981

Welfare Assisted Families	3,686 (26%)
Families Dependent on Social Security or Disabled Persons Assistance	4,361 (31%)
Working Families Without Public Assistance	5,992 (43%)
TOTAL FAMILIES	14,039
(Total Residents)	(30,000)

(Average Tenant Family Income: \$5907/Year)

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